What Toll Roads Can and Cannot Do for North Carolina

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***** Note: Figures may be missing from this format of the document**

Article:

The North Carolina state House recently gave preliminary approval to legislation that would establish a new government agency to operate a network of toll roads. The stated objective of the proposed North Carolina Turnpike Authority would be to alleviate traffic congestion on the state's major arteries.

In addition, the tolls collected from drivers who use the turnpikes would defray the cost of constructing and operating the roads. According to the legislation, which has been sent back to committee, toll collections would end as soon as those amounts are covered. (Don't get your hopes up, though. This isn't the first toll-road system to be established with this noble goal. Tolls usually have to be continued indefinitely to keep up with rising operating costs.)

Would toll roads really reduce congestion? The answer is yes—and no. New roads can provide greater "bandwidth" by adding more total lanes, but the tolls paid by drivers would have little or nothing to do with it. Like many other Northern transplants, I have some experience with toll roads. I grew up in northern Illinois, where many of the interstate highways are "tollways," as they're called there. A major tollway ran past my hometown out in the corn fields over an hour from Chicago.

As I recall, the drive into Chicago required three 40-cent tolls each way, for a grand total of $2.40 for the round trip. It might have been a little more or a little less, but it wasn't enough to discourage anyone from making the trip.

The usual model for operating toll roads has very little to do with reducing congestion. The main objective is for the user fees, the tolls, to help pay for the system. That's a big part of the proposal for a turnpike authority here, but there seem to be hopes (and fears) that it would do more.

Some supporters claim that charging tolls would reduce traffic snarls. Some critics argue that charging tolls would lead drivers to take two-lane roads in order to avoid the tolls. I don't buy either argument. The tolls will not be high enough to significantly alter the decisions of the vast majority of drivers.

Whenever a program involves per-unit fees like tolls, there is a tension concerning how the fee is set. It's a tension familiar to any business owner unsure of how to set his or her price. Set it very high and you'll earn a lot per unit, but very few consumers will buy. Set it very low and you'll get a lot of customers but will earn very little per unit. The profit motive spurs business owners to find the middle ground where not too many consumers are scared off and where profit is maximized.

But because of the politics of providing public services, government agencies cannot maximize profit like private businesses do. Instead they usually act to expand access. Consequently, public toll-road authorities cannot charge enough to affect congestion in any serious way.

For example, the 14-mile Dulles Greenway is a privately owned toll road in northern Virginia whose ads tout the quality and ease of the trip. The average toll on the Greenway is 11. 8 cents per mile, which is significantly

higher than tolls on most public toll roads. The average toll on Illinois tollways is 3.5 cents per mile, and on the New Jersey Turnpike it's 4.7 cents per mile.

Some observers recommend peak-hour pricing, with higher tolls at rush hour than at off times. In principle, it's a great idea, and in fact some toll-road systems use such pricing schemes. But the differences in time-of-day prices that we actually see are not particularly large and hence not particularly effective.

It's interesting that prices, in the form of tolls, do so little to affect behavior on public toll roads. Prices are usually extremely effective tools for changing behavior. For example, reports out of California indicate that electricity users there are conserving like crazy because electricity rates have risen so much. But it's difficult for prices to get any traction when the alternatives are so attractive.

In the case of traffic and roads, the problem is that American drivers do not place much value on their leisure time, certainly not the time used to get to and from work. This low value is revealed by how far away from work many people are willing to live, and how much time they're willing to sit in their cars, either driving or in traffic jams.

In many cities, expressways provide high-occupancy-vehicle lanes that can only be used by cars carrying more than one person. It's quite common to see relatively clear HOV lanes right next to unrestricted lanes full of backed-up traffic. Clearly, many commuters feel that the cost of increased travel time is less than the cost of making arrangements and coordinating trips in order to cruise along in the HOV lane.

This behavioral fact, which may be peculiar to Americans, underscores how difficult it would be for a public toll-road authority to charge enough to actually affect traffic congestion. Tolls would have to be pretty high to significantly affect driving habits, but the politics of public roads makes it impossible for government agencies to set them high enough.

This also represents a stark fact of life facing proponents of longer-term solutions like mass transit. Given the way so many American drivers value their time, the cheapest mode of transportation continues to be one-person-one-car, door-to-door. It may well be that no amount of subsidy to mass transit would be enough to overcome that, and that the only way to make mass transit viable would be to add dramatically to the cost of driving. We all know how popular *that* would be. You probably hate me for even bringing it up.

There are, of course, other long-term solutions, such as changing the way we plan and structure our communities. For good or ill, American society revolves around the automobile. Maybe it's for ill.

In the near future in North Carolina, however, society will be structured as it's structured now, with mass transit an unlikely and unpopular option. If in this environment the primary concern is traffic congestion, then a solution is more and/or wider roads. A network of toll roads could achieve this, but so could additional free roads.

The only value of introducing turnpikes in North Carolina, as opposed to more free highways, would be that the user fees would take some pressure off the taxpayer. That's not a bad thing. Just don't expect traffic-free driving in return for your tolls.